

Kansas Electric Transmission Authority (KETA)

An Update for the State Transmission Authority Meeting

By
Les Evans, Board Member

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**KS Electric
Transmission Authority**
KETA



Who Is KETA?

- Created by Kansas Legislature in 2005
- Began operations in 2006
- Seven Board Members
 - Three Appointed by Governor with Senate Confirmation
 - Four Year Terms (staggered initially)
 - Four Legislators *ex officio* – Chairs and ranking minority members of Senate and House Utilities Committees

Members

- Chairman Rep. Carl D. Holmes
- Vice-Chairman Earnie Lehman
- Secretary-Treasurer Tim McKee
- Les Evans
- Senator Jay Emler
- Senator Janis Lee
- Rep. Annie Kuether

KETA'S Mission

- Ensure reliable operation of the electrical transmission system
- Diversify and expand the Kansas economy
- Facilitate consumption of Kansas energy through improvements in the state's electric transmission infrastructure.



Where We Are Today

- Identified transmission projects providing the greatest benefits to Kansas.
- Spurred other parties to commit to construction of three of the projects.
- Published a Notice of Intent to construct a fourth transmission line.
- Built bridges to other states with similar infrastructure authorities: Colorado, New Mexico, Wyoming, North Dakota and South Dakota.
- Engaged outside legal assistance and have secured budget authority to expend up to \$1 million for continued project development.



Drivers For KETA's Formation

- Assist development of wind energy resources for eastern Kansas and export to other states.
- Increase ability to import and export fossil-fueled generation.
- Reduce large retail rate disparities within Kansas.
- Subtext – lack of new construction by transmission owners in an increasingly constrained environment

KETA Authority

- The Authority may plan, finance, construct, develop, acquire, own and dispose of transmission facilities.
- The Authority shall function as a public entity and shall contract for maintenance and operation of transmission facilities.



Other Specific Powers

- Enter into contracts with Kansas Development Finance Authority to issue bonds and provide financing for projects.
- Recover costs through Southwest Power Pool (SPP) Regional Transmission Organization tariffs
- Additional cost recovery through Kansas Corporation Commission (KCC) assessments on Kansas retail customers, including customers of utilities otherwise exempt from KCC regulation.



Authority Taxation

- KETA shall not pay Kansas income tax
- KETA shall not pay Kansas sales tax
- KETA shall pay property tax the same as privately and cooperatively owned utilities

KETA Limitations

- All transmission projects must be accepted by the SPP.
- Before KETA can proceed with construction, a notice shall be published and private entities have three months to notify the Authority they will build the project.
- If the project is not started within 180 days, KETA may proceed with the project.





Projects of Interest Proposed X Plan

- \$419 million projected cost, not including underlying upgrades
- Spearville - Mooreland - Potter 345 kV
- Wichita - Mooreland - Oklahoma City 345 kV
- Project hinged upon the Holcomb expansion project and would have provided an outlet for significant amounts of wind energy
- SPP currently re-running studies – from a reliability perspective need pushed out to 2015 to 2020 timeframe
- Interested Kansas participants include ITC Great Plains, Sunflower and Westar



Committed Central Kansas Projects

- Wichita - Reno 345 kV Westar
- Reno – Summit 345 kV Westar
- Rose Hill - Sooner 345 kV Westar/OG&E
- Knoll - S Hays - Heizer 230 kV Midwest Energy



KETA Projects

Spearville – Reno 345 kV

- \$82 million project. Cost-justified by a KETA-commissioned SPP study earlier this year.
- ITC Great Plains “Kansas V” project appears to be a sufficient alternative.
- Spearville – Reno or an equivalent Spearville – Wichita project will be resurrected if the ITC project or a close equivalent is not constructed.



KETA Projects

Spearville – Knoll - Axtell 345 kV

- \$186 million project. Cost-justified by a KETA-commissioned SPP study earlier this year.
- This projects value potentially greater with denial of Holcomb air permit.
- KETA gave Notice of its Intent to Proceed with Construction on July 25.
- ITC Great Plains came forward with commitment to construct by November 13 deadline.
- One other entity, Hunt Transmission Services expressed an interest in future projects, but was unable to meet time constraints for this project
- Construction activities must begin within 180 days.



Coordination With Other States

- Kansas actively engaged with other state transmission infrastructure authorities.
- The states desire to work together to facilitate regional transmission expansion and large wind projects.
- The states have jointly lobbied for federal tax exemption for bonds issued by KETA and its sister authorities.
- The FERC has begun to take notice of the states' grassroots efforts.

KETA's Track Record

- KETA has accelerated the decision process for new transmission and fostered a competitive environment for construction.
- Kansas has gone from little movement forward in the last 20 years to competing companies desiring to build the same transmission lines.
- KETA has built bridges to other states and broken down the boundaries between utilities.
- All of this has been accomplished spending less than \$100,000 from the public purse.



Further Opportunities

- Lower financing costs for entities willing to build KETA sanctioned projects.
- Facilitate future upgrades to existing transmission lines.
- Work with SPP and other states to establish a truly regional and reliable EHV network.
- Lower transmission costs for renewable project developers.
- Lower rates (smaller increases?) for customers.



Contact Information

- KETA website:
<http://www.kansas.gov/keta/>
- KETA contact: repcarl@aol.com
- Rep. Carl D. Holmes
PO Box 2288
Liberal, KS 67905

